Note for Young, Tracy

From: Young, Tracy

Date: Fri, Aug 25, 1995 5:00 PM

Subject: Media Circus/Sony

To: Salzman, Michelle

Cc: Piskor, Stephen; Suter, Norma

A lot has been going on so I've summarized where we are as of Friday afternoon...

Marc spoke with Sony and they are revising the confidentitality agreement. Marc expects to have something here today that Ginny can review. The issue with the original NDA was a clause that prevented PM from discussing Sony's technology with any third party. We couldn't sign the NDA since Media Circus is considered a third party. Once we sign the agreement Sony will forward the Coin Operated Licensing Agreement. Under this agreement, Sony will be providing a finished product. While we are moving ahead quickly, I am concerned about being able to commit to the platform by September 1, 1995. Monday the 21st was the first that we heard about commiting to the platform by 9/1/95. As an aside, I checked with Purchasing, and Sony has been actively looking for PM business.

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Ginny received a copy of the 47 Tech document. Ginny (via Watson) doesn't see any major issues with the agreement. The ownership and payment issues detailed in the 47 Tech document will be included in the PM/Media Circus letter of agreement. Media Circus will accept the penalty clause provided that we include a $50M 4-week early delivery bonus. Will talk to Steve on Monday about this figure. Media Circus is separating out overhead from profit so we can include in the letter of agreement. Expect to have on Monday. Marc will forward the information to Carl and Ginny.

That's it for now...

From: Salzman, Michelle on Thu, Aug 24, 1995 4:18 PM
To: Young, Tracy
Cc: Piskor, Stephen

Tracy,
At this point, I have not been able to reach Steve regarding the penalty fee for the Media Circus letter of agreement. Unfortunately, even if I do get with Steve by days end, I do not expect him to be able to give me an exact dollar amount for this penalty fee as it would have to be based on Media Circus' total profits for the program, which, we currently do not know. My suggestion would be that we determine a percentage of their total profits to use as the penalty. In the event Steve does not call me by days end, please follow up with him tomorrow as I will be out.

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Also, the only other outstanding issue we should have with Media Circus is timing. We need to make sure that Ginny reads through the 47 tech agreement as soon as possible and forwards her comments to Doug immediately. Hopefully, if she is comfortable with the 47 tech agreement, Media Circus will sign off with 47 tech and we can then immediately issue the Letter of agreement (with the penalty fee provision).

Please let Steve know that based on our conversation with Watson today, he feels the penalty fee should be included into the letter of agreement so that our negotiation position is not weakened at the contract phase. While I think Watson has a very valid point, I don't know

Source: https://www.industrydocuments.ucsf.edu/docs/hhdy0004